

House File 816 - Introduced

HOUSE FILE 816

BY B. MEYER

A BILL FOR

1 An Act relating to marijuana, including the manufacture,
2 delivery, and possession of marijuana and the licensure of
3 retail marijuana, providing fees, including excise taxes,
4 establishing funds, providing penalties, and including
5 effective date provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

CRIMINAL PENALTIES

Section 1. Section 124.401, subsection 1, unnumbered paragraph 1, Code 2021, is amended to read as follows:

Except as authorized by this chapter or chapter 124E or 124F, it is unlawful for any person to manufacture, deliver, or possess with the intent to manufacture or deliver, a controlled substance, a counterfeit substance, a simulated controlled substance, or an imitation controlled substance, or to act with, enter into a common scheme or design with, or conspire with one or more other persons to manufacture, deliver, or possess with the intent to manufacture or deliver a controlled substance, a counterfeit substance, a simulated controlled substance, or an imitation controlled substance.

Sec. 2. Section 124.401, subsection 1, paragraph a, subparagraph (6), Code 2021, is amended by striking the subparagraph.

Sec. 3. Section 124.401, subsection 1, paragraph b, subparagraph (6), Code 2021, is amended by striking the subparagraph.

Sec. 4. Section 124.401, subsection 1, paragraph c, subparagraph (5), Code 2021, is amended by striking the subparagraph.

Sec. 5. Section 124.401, subsection 1, paragraph c, subparagraph (9), Code 2021, is amended to read as follows:

(9) Any other controlled substance, counterfeit substance, simulated controlled substance, or imitation controlled substance classified in schedule I, II, or III, except as provided in paragraph "d", or in chapter 124E or 124F.

Sec. 6. Section 124.401, subsection 1, paragraph d, Code 2021, is amended to read as follows:

d. Violation of this subsection, with respect to any other controlled substances, counterfeit substances, simulated controlled substances, or imitation controlled substances classified in schedule IV or V is an aggravated misdemeanor.

1 However, violation of [this subsection](#) involving ~~fifty kilograms~~
2 ~~or less of marijuana or involving flunitrazepam~~ is a class "D"
3 felony.

4 Sec. 7. Section 124.401, subsection 5, unnumbered paragraph
5 2, Code 2021, is amended to read as follows:

6 ~~If the controlled substance is marijuana, the punishment~~
7 ~~shall be by imprisonment in the county jail for not more than~~
8 ~~six months or by a fine of not more than one thousand dollars,~~
9 ~~or by both such fine and imprisonment for a first offense. If~~
10 ~~the controlled substance is marijuana and the person has been~~
11 ~~previously convicted of a violation of [this subsection](#) in which~~
12 ~~the controlled substance was marijuana, the punishment shall be~~
13 ~~as provided in [section 903.1, subsection 1](#), paragraph "b". If~~
14 ~~the controlled substance is marijuana and the person has been~~
15 ~~previously convicted two or more times of a violation of this~~
16 ~~subsection in which the controlled substance was marijuana,~~
17 ~~the person is guilty of an aggravated misdemeanor. This~~
18 ~~subsection does not apply to the possession of marijuana which~~
19 ~~is punishable pursuant to chapter 124F.~~

20 Sec. 8. Section 124.401G, unnumbered paragraph 1, Code
21 2021, is amended to read as follows:

22 Notwithstanding any provision of [this chapter](#) to the
23 contrary, a person shall not be guilty of an offense under
24 this chapter, including under [section 124.401](#) ~~or [124.410](#)~~,
25 for producing, possessing, using, harvesting, handling,
26 manufacturing, marketing, transporting, delivering, or
27 distributing the plant cannabis, if all of the following apply:

28 Sec. 9. Section 124.407, subsection 2, Code 2021, is amended
29 to read as follows:

30 2. ~~a.~~ Any person who violates [this section](#) and where the
31 controlled substance is ~~any one~~ a controlled substance other
32 than marijuana is guilty of a class "D" felony.

33 ~~b.~~ Any person who violates ~~this section~~, and where the
34 controlled substance is marijuana only, is guilty of a serious
35 misdemeanor.

1 Sec. 10. Section 124.411, subsection 2, Code 2021, is
2 amended to read as follows:

3 2. For purposes of *this section*, an offense is considered
4 a second or subsequent offense, if, prior to the person's
5 having been convicted of the offense, the offender has ever
6 been convicted under *this chapter* or under any state or federal
7 statute relating to narcotic drugs or cocaine, ~~marijuana,~~
8 depressant, stimulant, or hallucinogenic drugs.

9 Sec. 11. Section 124.413, subsection 2, Code 2021, is
10 amended to read as follows:

11 2. *This section* shall not apply if:

12 ~~a. The offense is found to be an accommodation pursuant to~~
13 ~~*section 124.410*; or~~

14 ~~b. The the controlled substance is marijuana.~~

15 Sec. 12. NEW SECTION. 124F.1 Definitions.

16 As used in this subchapter:

17 1. "*Counterfeit substance*" means the same as defined in
18 section 124.101.

19 2. "*Imitation controlled substance*" means the same as
20 defined in section 124.101.

21 3. "*Marijuana*" means the same as defined in section 124.101,
22 and includes a counterfeit substance, imitation controlled
23 substance, or simulated controlled substance containing a
24 detectable amount of marijuana.

25 4. "*Simulated controlled substance*" means the same as
26 defined in section 124.101.

27 Sec. 13. NEW SECTION. 124F.2 Marijuana — penalties.

28 1. Except as otherwise provided in this subchapter and
29 chapter 124E, it is unlawful for any person to manufacture,
30 deliver, or possess with the intent to manufacture or deliver
31 marijuana, or to act with, enter into a common scheme or
32 design with, or conspire with one or more other persons to
33 manufacture, deliver, or possess with the intent to manufacture
34 or deliver marijuana. A violation of this subsection involving
35 the following amounts of marijuana shall be punishable as

1 follows:

2 *a.* More than twenty-two kilograms shall be a class "C"
3 felony.

4 *b.* More than two kilograms but not more than twenty-two
5 kilograms shall be a class "D" felony.

6 *c.* More than twelve ounces but not more than two kilograms
7 shall be an aggravated misdemeanor.

8 *d.* More than four ounces but not more than twelve ounces
9 shall be punishable as a serious misdemeanor.

10 *e.* Four ounces or less shall be punishable as a simple
11 misdemeanor, except as provided in section 124F.3.

12 2. *a.* It is unlawful for any person knowingly or
13 intentionally to possess marijuana unless such substance was
14 obtained directly from, or pursuant to, a valid prescription
15 or order of a practitioner while acting in the course of the
16 practitioner's professional practice, or except as otherwise
17 authorized by this subsection. A violation of this subsection
18 involving the possession of the following amounts of marijuana
19 shall be punishable as follows:

20 (1) More than six ounces but not more than twelve ounces is
21 a serious misdemeanor.

22 (2) More than one-half ounce but not more than six ounces
23 is a simple misdemeanor.

24 (3) One-half ounce or less is not a criminal offense but
25 shall be assessed as a civil penalty in the amount of one
26 hundred dollars, except if the person is under twenty-one years
27 of age, the person commits a serious misdemeanor.

28 (a) The civil penalty shall be collected by the clerk of the
29 district court pursuant to section 602.8105, subsection 5.

30 (b) Any records relating to the civil penalty shall not
31 be displayed for public viewing on the Iowa court information
32 system.

33 (c) Any records relating to the civil penalty shall not
34 be kept in the criminal history data files maintained by the
35 department of public safety. Any records relating to the civil

1 penalty shall not be disseminated to other criminal or juvenile
2 justice agencies.

3 **b.** Notwithstanding paragraph "a", a municipality may, by
4 ordinance, allow for the legal possession of marijuana.

5 3. **a.** A person shall not possess, and a retail marijuana
6 store not sell, in a single transaction, retail marijuana in
7 excess of the following amounts:

8 (1) For a resident of Iowa twenty-one years of age or older:

9 (a) Thirty grams of marijuana flower.

10 (b) Five grams of marijuana concentrate.

11 (c) Five hundred milligrams of tetrahydrocannabinol
12 contained in a product infused with marijuana.

13 (2) For a person twenty-one years of age or older who is not
14 a resident of Iowa:

15 (a) Fifteen grams of marijuana flower.

16 (b) Two and one-half grams of marijuana concentrate.

17 (c) Two hundred fifty milligrams of tetrahydrocannabinol
18 contained in a product infused with marijuana.

19 **b.** A person in possession of retail marijuana in excess of
20 the amounts specified in paragraph "a" equivalent to the amounts
21 specified in subsection 2, paragraph "a", shall be subject to
22 the penalties in subsection 2, paragraph "a".

23 **c.** A retail marijuana store in violation of this subsection
24 shall be subject to licensee discipline pursuant to section
25 124F.20.

26 **d.** For purposes of this subsection, "*retail marijuana*" and
27 "*retail marijuana store*" mean the same as defined in section
28 124F.7.

29 4. Upon the expiration of two years following a conviction
30 for a violation of subsection 2, paragraph "a", subparagraph
31 (3), or for a violation of subsection 2, paragraph "b",
32 subparagraph (2), a person may petition the court to expunge
33 the conviction, and if the person has had no other criminal
34 convictions, other than local traffic violations or simple
35 misdemeanor violations of chapter 321 during the two-year

1 period, the conviction shall be expunged as a matter of
 2 law. The court shall enter an order that the record of the
 3 conviction be expunged by the clerk of the district court.
 4 Notwithstanding section 692.2, after receipt of notice from
 5 the clerk of the district court that a record of conviction
 6 has been expunged pursuant to this subsection, the record of
 7 conviction shall be removed from the criminal history data
 8 files maintained by the department of public safety.

9 Sec. 14. NEW SECTION. 124F.3 **Delivery or possession with**
 10 **the intent to deliver — small amounts.**

11 If the amount of marijuana delivered or possessed with
 12 intent to deliver is one ounce or less and no remuneration was
 13 provided, the defendant shall not be prosecuted for a violation
 14 of this subchapter.

15 Sec. 15. NEW SECTION. 124F.4 **Juvenile offenses.**

16 The juvenile court shall have exclusive original
 17 jurisdiction in a proceeding concerning a minor who is alleged
 18 to have committed a violation of this subchapter.

19 Sec. 16. NEW SECTION. 124F.5 **Marijuana use in public.**

20 1. Marijuana shall not be consumed in areas open and
 21 accessible to the public, including but not limited to public
 22 transportation facilities, sporting or music venues, parks,
 23 playgrounds, sidewalks and roads, outdoor cafes, or indoor but
 24 public locations.

25 2. A person who violates this section commits a simple
 26 misdemeanor punishable as a scheduled violation under section
 27 805.8C, subsection 14.

28 3. Upon the expiration of two years following conviction
 29 for a violation of subsection 1, a person may petition the
 30 court to expunge the conviction, and if the person has had no
 31 other criminal convictions, other than local traffic violations
 32 or simple misdemeanor violations of chapter 321 during the
 33 two-year period, the conviction shall be expunged as a matter
 34 of law. The court shall enter an order that the record of the
 35 conviction be expunged by the clerk of the district court.

1 Notwithstanding section 692.2, after receipt of notice from
2 the clerk of the district court that a record of conviction
3 has been expunged pursuant to this subsection, the record of
4 conviction shall be removed from the criminal history data
5 files maintained by the department of public safety.

6 Sec. 17. NEW SECTION. **321.284B Marijuana in motor vehicles.**

7 1. A driver of a motor vehicle upon a public street or
8 highway shall not use marijuana in the passenger area of the
9 motor vehicle. "*Passenger area*" means the area designed to
10 seat the driver and passengers while the motor vehicle is in
11 operation and any area that is readily accessible to the driver
12 or a passenger while in their seating positions, including the
13 glove compartment.

14 2. A driver or passenger of or in a motor vehicle upon a
15 public street or highway shall not possess marijuana in the
16 passenger area of a motor vehicle except in a sealed, odor
17 proof, child resistant container.

18 3. For the purposes of this section, "*marijuana*" means the
19 same as defined in section 124.401.

20 4. A person who knowingly violates a provision of this
21 section is guilty of a simple misdemeanor.

22 Sec. 18. Section 602.8105, Code 2021, is amended by adding
23 the following new subsection:

24 NEW SUBSECTION. 5. The clerk of the district court shall
25 collect the civil penalty assessed pursuant to section 124F.2,
26 subsection 2, paragraph "*a*", subparagraph (3).

27 Sec. 19. Section 805.8C, Code 2021, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 14. *Marijuana violations.* For marijuana
30 use in public violations under section 124F.5, the scheduled
31 fine is fifty dollars for a first violation, and one hundred
32 dollars for a second or subsequent violation.

33 Sec. 20. NEW SECTION. **901C.4 Felony offenses related to**
34 **marijuana — expungement.**

35 1. In addition to the expungement provisions available

1 to a defendant convicted of a misdemeanor marijuana offense
2 under chapter 124, upon application of a defendant convicted
3 of a felony offense under chapter 124 in the county where the
4 conviction occurred, related to the possession or transfer of
5 marijuana, the court shall enter an order expunging the record
6 of such a criminal case.

7 2. A person shall be granted an expungement of a record
8 under this section one time in the person's lifetime. However,
9 the one application may request the expungement of records
10 relating to more than one offense under this section if the
11 offenses arose from the same transaction or occurrence, and the
12 application contains the offenses to be expunged.

13 3. The expunged record under this section is a confidential
14 record exempt from public access under section 22.7 but shall
15 be made available by the clerk of the district court upon court
16 order.

17 4. Notwithstanding section 692.2, after receipt of
18 notice from the clerk of the district court that a record of
19 conviction has been expunged under subsection 1, the record
20 of conviction shall be removed from the criminal history data
21 files maintained by the department of public safety if such a
22 record was maintained in the criminal history data files.

23 5. The supreme court may prescribe rules governing the
24 procedures applicable to the expungement of a criminal case
25 under this section.

26 6. This section applies to a felony conviction that occurred
27 prior to January 1, 2022.

28 Sec. 21. REPEAL. Section 124.410, Code 2021, is repealed.

29 DIVISION II

30 RETAIL MARIJUANA

31 Sec. 22. NEW SECTION. 124F.6 Purpose and findings.

32 The general assembly finds all of the following:

33 1. Marijuana prohibition, like alcohol prohibition before
34 it, has been a wasteful and destructive failure. About half
35 of Americans admit to having used marijuana despite more than

1 eight decades of prohibition.

2 2. The prohibition of marijuana has had an unfair, disparate
3 impact on persons and communities of color.

4 3. The prohibition of marijuana diverts law enforcement
5 resources from violent and property crimes and subjects
6 civilians to unnecessary police interactions.

7 4. Keeping marijuana illegal deprives the state of
8 thousands of legal jobs and hundreds of millions of dollars in
9 tax revenue.

10 5. The use of marijuana should be legal for persons
11 twenty-one years of age or older and subject to taxation and
12 regulation.

13 Sec. 23. NEW SECTION. 124F.7 Definitions.

14 For the purposes of this subchapter:

15 1. "*Division*" means the alcoholic beverages division of the
16 department of commerce.

17 2. "*Immature plant*" means a nonflowering marijuana plant
18 that is no taller than eight inches and no wider than eight
19 inches, is produced from a cutting, clipping, or seedling, and
20 is in a cultivating container.

21 3. "*License*" means a license or registration issued pursuant
22 to this subchapter.

23 4. "*Licensed premises*" means the premises specified in an
24 application for a license under this subchapter, which are
25 owned or in possession of the licensee and within which the
26 licensee is authorized to cultivate, manufacture, distribute,
27 sell, or test retail marijuana and retail marijuana products in
28 accordance with this subchapter.

29 5. "*Licensee*" means a person licensed or registered pursuant
30 to this subchapter.

31 6. "*Local jurisdiction*" means a city or county.

32 7. "*Local licensing authority*" means, for any local
33 jurisdiction that has chosen to adopt a local licensing
34 requirement in addition to the state licensing requirements
35 of this subchapter, an authority designated by a municipal

1 or county ordinance, or resolution, or the governing body of
2 a municipality or county, or the board of commissioners of a
3 county if no such authority is designated.

4 8. "*Location*" means a particular parcel of land that may be
5 identified by an address or other descriptive means.

6 9. "*Marijuana*" means the same as defined in section 124.101.

7 10. "*Marijuana accessories*" means any equipment, products,
8 or materials of any kind which are used, intended for use, or
9 designed for use in planting, cultivating, growing, harvesting,
10 composting, manufacturing, compounding, converting, producing,
11 processing, preparing, testing, analyzing, packaging,
12 repackaging, storing, vaporizing, or containing marijuana, or
13 for ingesting, inhaling, or otherwise introducing marijuana
14 into the human body.

15 11. "*Person*" means a natural person, partnership,
16 association, company, corporation, limited liability company,
17 or organization; except that "*person*" does not include any
18 governmental organization.

19 12. "*Retail marijuana*" means all parts of the plant of the
20 genus *Cannabis*, whether growing or not, the seeds thereof; the
21 resin extracted from any part of the plant; and every compound,
22 manufacture, salt, derivative, mixture, or preparation of the
23 plant, its seeds or resin, including marijuana concentrate.
24 "*Retail marijuana*" does not include industrial hemp, nor does
25 it include fiber produced from the stalks, oil or cake made
26 from the seeds of the plant, sterilized seeds of the plant
27 which are incapable of germination, or the weight of any other
28 ingredient combined with marijuana to prepare topical or oral
29 administrations, food, drink, or other product.

30 13. "*Retail marijuana cultivation facility*" means an entity
31 licensed to cultivate, prepare, package, and sell marijuana to
32 retail marijuana stores, to marijuana product manufacturing
33 facilities, and to other marijuana cultivation facilities, but
34 not to consumers.

35 14. "*Retail marijuana establishment*" means a retail

1 marijuana store, a retail marijuana cultivation facility, or a
2 retail marijuana products manufacturer.

3 15. "*Retail marijuana products*" means concentrated marijuana
4 products and marijuana products that are comprised of marijuana
5 and other ingredients and are intended for use or consumption,
6 such as but not limited to edible products, ointments, and
7 tinctures.

8 16. "*Retail marijuana products manufacturer*" means an entity
9 licensed to purchase marijuana; manufacture, prepare, and
10 package marijuana products; and sell marijuana and marijuana
11 products to other marijuana product manufacturing facilities
12 and to retail marijuana stores, but not to consumers.

13 17. "*Retail marijuana store*" means an entity licensed
14 to purchase marijuana from marijuana cultivation facilities
15 and sell marijuana and to purchase marijuana products from
16 retail marijuana product manufacturing facilities and to sell
17 marijuana and marijuana products to consumers.

18 18. "*Retail marijuana transporter*" means an entity or person
19 licensed to transport retail marijuana and retail marijuana
20 products from one retail marijuana establishment to another
21 retail marijuana establishment and to temporarily store the
22 transported retail marijuana and retail marijuana products at
23 its licensed premises, but is not authorized to sell retail
24 marijuana or retail marijuana products under any circumstances.

25 Sec. 24. NEW SECTION. 124F.8 **Applicability.**

26 1. On or after July 1, 2022, an applicant may apply for
27 licensure of a retail marijuana establishment pursuant to this
28 subchapter.

29 2. a. Pursuant to subsection 1, an applicant shall complete
30 forms as provided by the division and shall pay the application
31 fee and the licensing fee. The division shall forward, within
32 seven days of the date of the application, one-half of the
33 application fee to the local jurisdiction unless the local
34 jurisdiction has prohibited the operation of retail marijuana
35 establishments. If the license is denied, the division shall

1 refund the licensing fee to the applicant.

2 **b.** The division shall act upon an application made pursuant
3 to subsection 1 no sooner than forty-five days and no later
4 than ninety days after the date of the application. The
5 division shall process applications in the order in which
6 completed applications are received by the division.

7 **3.** Any local jurisdiction may enact ordinances or
8 regulations governing the time, place, manner, and number of
9 retail marijuana establishments, which may include a local
10 licensing requirement, or may prohibit the operation of retail
11 marijuana establishments by ordinance or by a referred or
12 initiated measure. If a county acts through an initiated
13 measure, the proponents shall submit a petition signed by not
14 less than fifteen percent of the registered electors in the
15 county.

16 **Sec. 25. NEW SECTION. 124F.9 Retail marijuana licensure.**

17 **1.** The division shall develop and maintain a seed-to-sale
18 tracking system that tracks retail marijuana from either
19 seed or immature plant stage until the marijuana or retail
20 marijuana product is sold to a customer at a retail marijuana
21 establishment to ensure that no marijuana grown or processed
22 by a retail marijuana establishment is sold or otherwise
23 transferred except by a retail marijuana store.

24 **2.** The division shall adopt all rules necessary for the
25 implementation of this chapter.

26 **3.** Nothing in this subchapter shall be construed to be
27 a delegation to the division of the power to fix prices for
28 retail marijuana.

29 **4.** Nothing in this subchapter shall be construed to limit
30 a law enforcement agency's ability to investigate unlawful
31 activity in relation to a retail marijuana establishment. A
32 law enforcement agency shall have the authority to conduct a
33 criminal history record check of a licensee and an employee of
34 a licensee during an investigation of unlawful activity related
35 to retail marijuana and retail marijuana products.

1 5. The division shall create a statewide licensure class
2 system for retail marijuana cultivation facilities. The
3 classifications may be based upon square footage of the
4 facility; lights, lumens, or wattage; canopy lighting; the
5 number of cultivating plants; a combination of the foregoing;
6 or other reasonable metrics. The division shall create a fee
7 structure for the licensure class system.

8 Sec. 26. NEW SECTION. 124F.10 State and local participation
9 in licensure.

10 1. When the division receives an application for an
11 initial license or a renewal of an existing license for
12 any retail marijuana establishment, the division shall
13 provide, within seven days of receipt of an application,
14 a copy of the application to the local jurisdiction in
15 which the establishment is to be located unless the local
16 jurisdiction has prohibited the operation of retail marijuana
17 establishments. The local jurisdiction shall determine whether
18 the application complies with local restrictions relating
19 to time, place, manner, and the number of retail marijuana
20 establishments allowed. The local jurisdiction shall inform
21 the division whether the application complies with local
22 restrictions.

23 2. A local jurisdiction may impose a separate local
24 licensing requirement as a part of its restrictions relating
25 to time, place, manner, and the number of retail marijuana
26 establishments allowed. A local jurisdiction may decline
27 to impose any local licensing requirements, but a local
28 jurisdiction shall notify the division that it either approves
29 or denies each application received by the local jurisdiction.

30 3. If a local jurisdiction issues a local license for
31 a retail marijuana establishment, a local jurisdiction may
32 schedule a public hearing on the application. If the local
33 jurisdiction schedules a hearing, it shall post and publish
34 public notice of the hearing not less than ten days prior
35 to the hearing. The local jurisdiction shall give public

1 notice by posting a sign in a conspicuous place on the license
2 applicant's premises for which a local license application
3 has been made and by publication in a newspaper of general
4 circulation in the county in which the applicant's premises are
5 located.

6 4. If a local jurisdiction does not issue local licenses,
7 the local jurisdiction may give public notice of the state
8 license application by posting a sign in a conspicuous place
9 on the state license applicant's premises for which a state
10 license application has been made and by publication in a
11 newspaper of general circulation in the county in which the
12 applicant's premises are located.

13 5. Applications for a state license under this subchapter
14 must be made to the division on forms prepared and furnished
15 by the division and must set forth such information as the
16 division may require to enable the division to determine
17 whether a state license should be granted.

18 6. The division shall deny a state license if the premises
19 on which the applicant proposes to conduct its business does
20 not meet the requirements of this subchapter. The division
21 may refuse or deny a license renewal, reinstatement, or
22 initial license issuance for good cause. For purposes of this
23 subsection, "good cause" means any of the following:

24 a. The licensee or applicant has violated, does not meet,
25 or has failed to comply with any of the terms, conditions, or
26 provisions of this subchapter, any rules promulgated pursuant
27 to this subchapter, or any supplemental local law, rules, or
28 regulations.

29 b. The licensee or applicant has failed to comply with any
30 special terms or conditions of the license pursuant to an order
31 of the division or local licensing authority.

32 c. The licensed premises have been operated in a manner that
33 adversely affects the public health or safety of the immediate
34 neighborhood in which the retail marijuana establishment is
35 located.

1 7. If the division denies a state license pursuant to
2 subsection 6, the applicant shall be entitled to a hearing
3 pursuant to section 17A.12 and judicial review pursuant to
4 section 17A.19. The division shall provide written notice of
5 the grounds for denial of the state license to the applicant
6 and to the local jurisdiction at least fifteen days prior to
7 the hearing.

8 Sec. 27. NEW SECTION. 124F.11 **Establishment and owner**
9 **requirements.**

10 1. An owner who is a natural person must have been either
11 of the following:

12 a. A resident of Iowa for at least one year prior to the
13 date of the application.

14 b. A United States citizen prior to the date of the
15 application.

16 2. A retail marijuana establishment may be composed of an
17 unlimited number of owners that have been residents of Iowa for
18 at least one year prior to the date of the application.

19 3. The division shall review the retail marijuana
20 establishment's operating documents to ensure compliance with
21 this section.

22 Sec. 28. NEW SECTION. 124F.12 **Retail marijuana**
23 **establishment licensure.**

24 1. Local jurisdictions may adopt and enforce regulations
25 for retail marijuana establishments that are at least as
26 restrictive as the provisions of this subchapter and any rule
27 promulgated pursuant to this subchapter.

28 2. A retail marijuana establishment shall not operate
29 until the retail marijuana establishment is licensed by the
30 division pursuant to this subchapter and approved by the
31 relevant local jurisdiction. If an application is denied by
32 the local licensing authority, the division shall revoke the
33 state license. In connection with a license, the applicant
34 shall provide a complete and accurate application as required
35 by the division.

1 3. A retail marijuana establishment shall notify the
2 division in writing of the name, address, and date of birth of
3 a new owner, officer, or manager before the new owner, officer,
4 or manager begins managing, owning, working, or otherwise
5 associating with the establishment. The owner, officer,
6 manager, or employee shall pass a fingerprint-based criminal
7 history record check as required by the division and shall
8 obtain the required identification prior to managing, owning,
9 working, or otherwise associating with the establishment.

10 4. Before granting a state license, the division may
11 consider, except when this subchapter specifically provides
12 otherwise, the requirements of this subchapter and any
13 rules promulgated pursuant to this subchapter, and all other
14 reasonable restrictions that are or may be placed upon a
15 licensee by the division or local licensing authority.

16 5. *a.* Each license issued under this subchapter is separate
17 and distinct. It is unlawful for a person to exercise any
18 of the privileges granted under a license other than the
19 license that the person holds or for a licensee to allow any
20 other person to exercise the privileges granted under the
21 licensee's license. A separate license shall be required for
22 each specific business or business entity and each geographical
23 location.

24 *b.* At all times, a licensee shall possess and maintain
25 possession of the premises for which the license is issued
26 through ownership, lease, rental, or other arrangement for
27 possession of the premises.

28 6. Each licensee shall manage the licensed premises
29 personally or employ a separate and distinct manager on
30 the premises and shall report the name of the manager to
31 the division and local licensing authority. The licensee
32 shall report any change in manager to the division and local
33 licensing authority within seven days after the change.

34 Sec. 29. NEW SECTION. **124F.13 License renewal.**

35 1. Ninety days prior to the expiration date of an existing

1 license, the division shall notify a licensee of the expiration
2 date by first class mail at the licensee's address of record
3 with the division. A licensee may apply for the renewal of
4 an existing license to the division not less than thirty days
5 prior to the date of expiration of the existing license. Upon
6 receipt of an application for renewal of an existing license
7 and any applicable fees, the division shall submit, within
8 seven days of the application, a copy of the application to
9 the local jurisdiction to determine whether the application
10 complies with all local restrictions on renewal of licenses.
11 The division shall not accept an application for renewal of a
12 license after the date of expiration, except as provided in
13 subsection 3. The division may extend the expiration date of
14 the license and accept a late application for renewal of a
15 license if the applicant has filed a timely renewal application
16 with the local licensing authority. The division or the local
17 licensing authority, in its discretion, and subject to the
18 requirements of this subsection and subsection 3 and based upon
19 reasonable grounds, may waive the thirty-day time requirements
20 set forth in this subsection.

21 2. The division may request additional fingerprints from a
22 licensee when there is a demonstrated investigative need.

23 3. *a.* Notwithstanding the provisions of subsection 1,
24 a licensee whose license has been expired for not more than
25 ninety days may file a late renewal application upon the
26 payment of a nonrefundable late application fee of five hundred
27 dollars to the division. A licensee who files a late renewal
28 application and pays the requisite fees may continue to operate
29 until the division takes final action to approve or deny
30 the licensee's late renewal application unless the division
31 summarily suspends the license pursuant to chapter 17A, this
32 subchapter, and rules promulgated pursuant to this subchapter.

33 *b.* The division may administratively continue a license
34 and accept a later application for renewal of a license at the
35 discretion of the division.

1 Sec. 30. NEW SECTION. **124F.14 Classes of licenses.**

2 For the purpose of regulating the cultivation, manufacture,
3 distribution, sale, and testing of retail marijuana and retail
4 marijuana products, the division in its discretion, upon
5 receipt of an application in the prescribed form, may issue and
6 grant to the applicant a license or registration in any of the
7 following classes, subject to the provisions and restrictions
8 provided by this subchapter:

- 9 1. Retail marijuana store license.
- 10 2. Retail marijuana cultivation facility license.
- 11 3. Retail marijuana products manufacturing license.
- 12 4. Occupational licenses and registrations for owners,
13 managers, operators, employees, contractors, and other support
14 staff employed by, working in, or having access to restricted
15 areas of the licensed premises, as determined by the division.
16 The division may take any action with respect to a registration
17 pursuant to this subchapter as it may with respect to a license
18 pursuant to this subchapter, in accordance with the procedures
19 established pursuant to this subchapter.
- 20 5. Retail marijuana transporter license.

21 Sec. 31. NEW SECTION. **124F.15 Retail marijuana store**
22 **license.**

23 1. *a.* A retail marijuana store license shall be issued
24 by the division only to a person selling retail marijuana or
25 retail marijuana products pursuant to the terms and conditions
26 of this subchapter.

27 *b.* A retail marijuana store shall not accept any retail
28 marijuana purchased from a retail marijuana cultivation
29 facility unless the retail marijuana store is provided with
30 evidence that any applicable excise tax due was paid.

31 2. Notwithstanding the provisions of this section, a
32 retail marijuana store licensee may also sell retail marijuana
33 products that are prepackaged and labeled as required by rules
34 of the division pursuant to section 124F.25.

35 3. *a.* A retail marijuana store shall not sell more than one

1 ounce of retail marijuana or its equivalent in retail marijuana products, including retail marijuana concentrate, except for nonedible, nonpsychoactive retail marijuana products, including ointments, lotions, balms, and other nontransdermal topical products during a single transaction to a person.

6 *b.* (1) Prior to initiating a sale, an employee of the retail marijuana store making the sale shall verify that the purchaser has a valid identification card showing the purchaser is twenty-one years of age or older. If a person under twenty-one years of age presents fraudulent proof of age, any action relying on the fraudulent proof of age shall not be grounds for the revocation or suspension of any license issued under this subchapter.

14 (2) (a) If a retail marijuana store licensee or employee has reasonable cause to believe that a person is under twenty-one years of age and is exhibiting fraudulent proof of age in an attempt to obtain any retail marijuana or cannabidiol-infused product, the licensee or employee is authorized to confiscate such fraudulent proof of age, if possible, and shall, within seventy-two hours after the confiscation, remit such fraudulent proof of age to a state or local law enforcement agency. The failure to confiscate such fraudulent proof of age or to remit such fraudulent proof of age to a state or local law enforcement agency within seventy-two hours after the confiscation shall not constitute a criminal offense.

27 (b) If a retail marijuana store licensee or employee believes that a person is under twenty-one years of age and presents fraudulent proof of age in an attempt to obtain any retail marijuana or retail cannabidiol-infused product, the licensee or employee or any peace officer or police officer, acting in good faith and upon probable cause based upon reasonable grounds therefor, may detain and question such person in a reasonable manner for the purpose of ascertaining whether the person is guilty of any unlawful act regarding the

1 purchase of retail marijuana. The questioning of a person by a
2 licensee, employee, peace officer, or police officer does not
3 render the licensee, employee, peace officer, or police officer
4 civilly or criminally liable for slander, false arrest, false
5 imprisonment, malicious prosecution, or unlawful detention.

6 4. All retail marijuana and retail marijuana products
7 sold at a licensed retail marijuana store shall be packaged
8 and labeled as required by rules of the division pursuant to
9 section 124F.25.

10 5. a. A licensed retail marijuana store shall only
11 sell retail marijuana, retail marijuana products, marijuana
12 accessories, nonconsumable products such as apparel, and
13 marijuana-related products such as childproof packaging
14 containers, but shall be prohibited from selling or giving
15 away any consumable product, including but not limited to
16 cigarettes, alcohol, or an edible product that does not contain
17 marijuana, including but not limited to sodas, candies, or
18 baked goods.

19 b. A licensed retail marijuana store shall not sell any
20 retail marijuana or retail marijuana products that contain
21 nicotine or alcohol, if the sale of the alcohol would require a
22 license pursuant to chapter 123.

23 c. A licensed retail marijuana store shall not sell retail
24 marijuana or retail marijuana products over the internet nor
25 deliver retail marijuana or retail marijuana products to a
26 person who is not physically present in the retail marijuana
27 store's licensed premises.

28 6. Retail marijuana or retail marijuana products shall not
29 be consumed on the premises of a retail marijuana store.

30 7. Notwithstanding any other provision of state law, sales
31 of retail marijuana and retail marijuana products are not
32 exempt from state or local sales tax.

33 Sec. 32. NEW SECTION. 124F.16 Retail marijuana cultivation
34 facility license.

35 1. A retail marijuana cultivation facility license shall

1 be issued by the division only to a person who cultivates
2 retail marijuana for sale and distribution to licensed retail
3 marijuana stores, retail marijuana products manufacturing
4 licensees, or other retail marijuana cultivation facilities.

5 2. A retail marijuana cultivation facility shall remit any
6 applicable excise tax due.

7 3. A retail marijuana cultivation facility shall track
8 the marijuana it cultivates from seed or immature plant to
9 wholesale purchase of the retail marijuana. Prior to delivery
10 of any retail marijuana that is sold, the retail marijuana
11 cultivation facility shall provide evidence that the facility
12 paid any applicable excise tax on the retail marijuana due.

13 4. A retail marijuana cultivation facility may provide,
14 except as required by section 124F.25, a sample of its products
15 to the state hygienic laboratory for testing and research
16 purposes. A retail marijuana cultivation facility shall
17 maintain a record of the sample provided to the state hygienic
18 laboratory and the testing results.

19 5. Retail marijuana or retail marijuana products shall not
20 be consumed on the premises of a retail marijuana cultivation
21 facility.

22 6. The division shall not issue more than twenty retail
23 marijuana cultivation facility licenses.

24 Sec. 33. NEW SECTION. 124F.17 Retail marijuana products
25 manufacturing license.

26 1. a. A retail marijuana products manufacturing license
27 shall be issued by the division to a person who manufactures
28 retail marijuana products pursuant to the terms and conditions
29 of this subchapter.

30 b. A retail marijuana products manufacturer may cultivate
31 its own retail marijuana if the manufacturer obtains a retail
32 marijuana cultivation facility license, or it may purchase
33 retail marijuana from a licensed retail marijuana cultivation
34 facility. A retail marijuana products manufacturer shall track
35 all of its retail marijuana from the point the retail marijuana

1 is either transferred from its retail marijuana cultivation
2 facility or from the point when the retail marijuana is
3 delivered to the retail marijuana products manufacturer from a
4 licensed retail marijuana cultivation facility to the point of
5 transfer to a licensed retail marijuana store.

6 *c.* A retail marijuana products manufacturer shall not
7 accept any retail marijuana purchased from a retail marijuana
8 cultivation facility unless the retail marijuana products
9 manufacturer is provided with evidence that any applicable
10 excise tax due was paid.

11 2. All retail marijuana products shall be prepared on
12 a licensed premises used exclusively for the manufacture
13 and preparation of retail marijuana or retail marijuana
14 products and using equipment that is used exclusively for the
15 manufacture and preparation of retail marijuana products;
16 except that, if permitted by the local jurisdiction, a
17 retail marijuana products manufacturing licensee may share
18 the same premises as a medical cannabidiol-infused products
19 manufacturing licensee so long as a virtual or physical
20 separation of inventory is maintained pursuant to rules
21 promulgated by the division.

22 3. All licensed premises on which retail marijuana products
23 are manufactured shall meet the sanitary standards for retail
24 marijuana product preparation promulgated pursuant to section
25 124F.25.

26 4. Retail marijuana or retail marijuana products shall not
27 be consumed on the premises of a retail marijuana products
28 manufacturing facility.

29 5. A retail marijuana products manufacturer may provide,
30 except as required by section 124F.25, a sample of its products
31 to the state hygienic laboratory for testing and research
32 purposes. A retail marijuana products manufacturer shall
33 maintain a record of what was provided to the state hygienic
34 laboratory and the results of the testing.

35 6. A licensed retail marijuana products manufacturer shall

1 package and label each product manufactured as required by
2 rules of the division pursuant to section 124F.25.

3 7. All retail marijuana products that require refrigeration
4 to prevent spoilage must be stored and transported in a
5 refrigerated environment.

6 8. The division shall not issue more than twenty retail
7 marijuana products manufacturer licenses.

8 Sec. 34. NEW SECTION. 124F.18 Retail marijuana transporter
9 license.

10 1. *a.* A retail marijuana transporter license shall be
11 issued by the division to a person to provide logistics,
12 distribution, and storage of retail marijuana and retail
13 marijuana products. Notwithstanding any other provisions of
14 law, a retail marijuana transporter license shall be valid for
15 two years from the date of issuance, but cannot be transferred
16 with a change of ownership. A licensed retail marijuana
17 transporter shall be responsible for the retail marijuana and
18 retail marijuana products once the transporter takes control
19 of the product.

20 *b.* A licensed retail marijuana transporter may contract with
21 multiple licensed retail marijuana establishments.

22 *c.* On or after July 1, 2022, all retail marijuana
23 transporters shall hold a valid retail marijuana transporter
24 license; except that an entity licensed pursuant to this
25 subchapter that provides its own distribution is not required
26 to hold a retail marijuana transporter license to transport and
27 distribute its products. The division shall begin accepting
28 applications after January 1, 2022.

29 2. A retail marijuana transporter licensee shall use a
30 seed-to-sale tracking system developed pursuant to section
31 124F.25 to create shipping manifests documenting the transport
32 of retail marijuana and retail marijuana products throughout
33 the state.

34 Sec. 35. NEW SECTION. 124F.19 Retail marijuana use —
35 protections.

1 1. No person shall be subject to arrest, prosecution, or
2 penalty in any manner, or be denied any right or privilege,
3 including but not limited to disciplinary action by a business,
4 occupational, or professional licensing board, solely for
5 conduct permitted under this subchapter.

6 2. *a.* Except as provided in this section, neither the state
7 nor any of its political subdivisions shall impose any penalty
8 or deny any benefit or entitlement for conduct permitted
9 under this subchapter or for the presence of cannabinoids or
10 cannabinoid metabolites in the urine, blood, saliva, breath,
11 hair, or other tissue or fluid of a person who is twenty-one
12 years of age or older.

13 *b.* Except as provided in this section, neither the state
14 nor any of its political subdivisions shall deny a driver's
15 license, a professional license, housing assistance, social
16 services, or other benefits based on marijuana use or for the
17 presence of cannabinoids or cannabinoid metabolites in the
18 urine, blood, saliva, breath, hair, or other tissue or fluid of
19 a person who is twenty-one years of age or older.

20 3. No person shall be denied custody of or visitation with a
21 minor for acting in accordance with this subchapter, unless the
22 person's behavior creates an unreasonable danger to the minor
23 that can be clearly articulated and substantiated.

24 4. Except as provided in this section, neither the state
25 nor any of its political subdivisions shall deny employment
26 or a contract to a person for engaging in conduct permitted
27 under this subchapter, for a prior conviction for a nonviolent
28 marijuana offense that does not involve distribution to minors,
29 or for testing positive for the presence of cannabinoids or
30 cannabinoid metabolites in the urine, blood, saliva, breath,
31 hair, or other tissue or fluid of the individual's body.

32 5. For the purposes of medical care, including organ and
33 tissue transplants, the use of marijuana does not constitute
34 the use of an illicit substance or otherwise disqualify a
35 person from needed medical care and may only be considered with

1 respect to evidence-based clinical criteria.

2 6. Notwithstanding any other provision of law to the
3 contrary, unless there is a specific finding that the
4 individual's use, cultivation, or possession of marijuana could
5 create a danger to the individual or another person, it shall
6 not be a violation of conditions of parole, probation, or
7 pretrial release to do any of the following:

8 a. Engage in conduct allowed by this subchapter.

9 b. Test positive for marijuana, delta-9
10 tetrahydrocannabinol, or any other cannabinoid or metabolite
11 of marijuana.

12 7. a. This section does not prevent a governmental employer
13 from disciplining an employee or contractor for ingesting
14 marijuana in the workplace or for working while impaired by
15 marijuana.

16 b. The protections provided by this section do not apply to
17 the extent that they conflict with a governmental employer's
18 obligations under federal law or regulations or to the extent
19 that they would disqualify the entity from a monetary or
20 licensing-related benefit under federal law or regulations.

21 c. This section does not authorize any person to engage in,
22 and does not prevent the imposition of any civil, criminal,
23 discipline, or other penalties, including discipline or
24 termination by a governmental employer, any task while under
25 the influence of marijuana, when doing so would constitute
26 negligence or professional malpractice.

27 Sec. 36. NEW SECTION. 124F.20 Discipline.

28 In addition to any other sanctions prescribed by this
29 subchapter or rules promulgated pursuant to this subchapter,
30 the division has the power, on its own motion or upon
31 complaint, after investigation and opportunity for a public
32 hearing at which a licensee must be afforded an opportunity
33 to be heard, to fine a licensee or to suspend or revoke
34 a license issued by the division for a violation by the
35 licensee or by any of the agents or employees of the licensee

1 of the provisions of this subchapter, or any of the rules
2 promulgated pursuant to this subchapter, or of any of the
3 terms, conditions, or provisions of the license issued by the
4 division. The division has the power to administer oaths and
5 issue subpoenas to require the presence of persons and the
6 production of papers, books, and records necessary to the
7 determination of a hearing that the division is authorized to
8 conduct. The division shall conduct a contested case pursuant
9 to chapter 17A prior to imposing discipline, except in the case
10 of an emergency adjudication.

11 Sec. 37. NEW SECTION. **124F.21 Disposition of seized**
12 **materials.**

13 1. This section shall apply in addition to any criminal,
14 civil, or administrative penalties and in addition to any
15 other penalties prescribed by this subchapter or any rules
16 promulgated pursuant to this subchapter.

17 2. A state or local agency shall not be required to
18 cultivate or care for any retail marijuana or retail marijuana
19 product belonging to or seized from a licensee. A state or
20 local agency shall not be authorized to sell marijuana or
21 retail marijuana.

22 3. If the division issues a final order imposing a
23 disciplinary action against a licensee pursuant to section
24 124F.20, then, in addition to any other remedies, the
25 division's final order may specify that some or all of the
26 licensee's marijuana or marijuana product is not retail
27 marijuana or a retail marijuana product and is an illegal
28 controlled substance. The final order may further specify that
29 the licensee shall lose any interest in any of the marijuana or
30 marijuana product even if the marijuana or marijuana product
31 previously qualified as retail marijuana or a retail marijuana
32 product.

33 4. On or before January 1, 2022, the division shall adopt
34 rules governing the implementation of this section.

35 Sec. 38. NEW SECTION. **124F.22 Inspection procedures.**

1 1. A licensee shall keep a complete set of all records
2 necessary to show fully the business transactions of the
3 licensee, all of which shall be accessible at all times during
4 business hours for inspection and examination by the division
5 or its authorized representatives. The division may require
6 a licensee to furnish such information as necessary for the
7 proper administration of this subchapter and may require an
8 audit to be made of the books of account and records on such
9 occasions as necessary by an auditor selected by the division
10 who shall have access to all books and records of the licensee.
11 All associated expenses shall be paid by the licensee.

12 2. Any licensed premises, including any places of storage
13 where retail marijuana or retail marijuana products are stored,
14 cultivated, sold, dispensed, or tested shall be subject to
15 inspection by the state or local jurisdictions and their
16 investigators, during all business hours and during other times
17 when employees are present, for the purpose of inspection
18 or investigation. Access shall be required during business
19 hours for examination of any inventory or books and records
20 required to be kept by the licensees. If any part of the
21 licensed premises consists of a locked area, upon demand to
22 the licensee, such area shall be made available for inspection
23 without delay, and, upon request by authorized representatives
24 of the state or local jurisdiction, the licensee shall open the
25 area for inspection.

26 3. A licensee shall retain all books and records necessary
27 to show fully the business transactions of the licensee for
28 a period of the current tax year and the three immediately
29 preceding tax years.

30 Sec. 39. NEW SECTION. **124F.23 Marijuana excise tax.**

31 1. An excise tax is imposed on consumers at the rate of
32 twenty percent of the sales price of each sale of retail
33 marijuana and retail marijuana products.

34 2. The tax imposed by this section shall be paid by the
35 consumer to the retail marijuana establishment. Each retail

1 marijuana establishment shall collect from the consumer the
2 full amount of the tax payable on each taxable sale.

3 3. On the fifteenth day of each month, each retail marijuana
4 establishment that sells retail marijuana to a consumer shall
5 pay the excise taxes due on the retail marijuana that the
6 retail marijuana establishment sold in the previous calendar
7 month to the division.

8 4. The retail marijuana excise tax shall be separately
9 itemized from a local marijuana excise tax on the receipt
10 provided to the purchaser.

11 Sec. 40. NEW SECTION. 124F.24 Occupational licensing —
12 protections.

13 1. A person holding a professional or occupational license
14 shall not be subject to professional discipline for providing
15 advice or services related to retail marijuana establishments
16 or applications to operate retail marijuana establishments on
17 the basis that marijuana is illegal under federal law.

18 2. An applicant for a professional or occupational license
19 shall not be denied a license based on previous employment
20 related to retail marijuana establishments operating in
21 accordance with state law.

22 Sec. 41. NEW SECTION. 124F.25 Rulemaking.

23 1. The division shall, within one hundred eighty days of the
24 effective date of this Act, adopt rules for the implementation
25 of this subchapter. The rules shall not prohibit the operation
26 of retail marijuana establishments or require such a high
27 investment of risk, money, time, or other resource or asset
28 that the operation of a retail marijuana establishment is not
29 worthy of being carried out in practice by a reasonably prudent
30 businessperson. Such rules shall include all of the following:

31 a. Procedures for the issuance, renewal, suspension, and
32 revocation of a registration to operate a retail marijuana
33 establishment, subject to chapter 17A.

34 b. A schedule of reasonable application, registration,
35 and renewal fees, provided application fees shall not exceed

1 five thousand dollars, with this upper limit adjusted annually
2 for inflation, unless the division determines a greater fee
3 is necessary to carry out its responsibilities under this
4 subchapter. Fees shall be collected by the division and used
5 to administer this subchapter.

6 *c.* Qualifications for registration that are directly and
7 demonstrably related to the operation of a retail marijuana
8 establishment and that may not disqualify applicants solely for
9 marijuana offenses prior to the effective date of this Act.

10 *d.* Security requirements.

11 *e.* Requirements for the transportation and storage of retail
12 marijuana and retail marijuana products by retail marijuana
13 establishments.

14 *f.* Requirements for the delivery of retail marijuana and
15 retail marijuana products to consumers, including a prohibition
16 on business names, logos, and other identifying language or
17 images on delivery vehicles and a prohibition on delivering
18 retail marijuana and retail marijuana products to any address
19 located on land owned by the federal government or any address
20 on land or in a building leased by the federal government.

21 *g.* Employment and training requirements, including
22 requiring that each retail marijuana establishment create
23 an identification badge for each employee or agent. These
24 requirements shall not disqualify applicants solely for
25 marijuana offenses prior to the effective date of this Act.

26 *h.* Requirements designed to prevent the sale or diversion of
27 retail marijuana and retail marijuana products to persons under
28 the age of twenty-one.

29 *i.* Requirements for retail marijuana and retail
30 marijuana products sold or distributed by a retail marijuana
31 establishment, including prohibiting any misleading labeling
32 and requiring retail marijuana product labels to include all
33 of the following:

34 (1) The length of time it typically takes for the product
35 to take effect.

1 (2) A disclosure of ingredients and possible allergens.

2 (3) A nutritional fact panel.

3 (4) Requiring opaque, child resistant packaging, which must
4 be designed or constructed to be significantly difficult for
5 children under five years of age to open and not difficult for
6 adults to use properly as defined by 16 C.F.R. §1700.20.

7 (5) Requiring that edible retail marijuana products be
8 clearly identifiable, when practicable, with a standard symbol
9 indicating the retail marijuana product contains marijuana.

10 *j.* Health and safety regulations and standards for the
11 manufacture of retail marijuana products and both the indoor
12 and outdoor cultivation of retail marijuana by retail marijuana
13 establishments.

14 *k.* Restrictions on advertising, marketing, and signage
15 including but not limited to a prohibition on mass-market
16 campaigns that have a high likelihood of reaching minors.

17 *l.* Rules to create at least six tiers of retail marijuana
18 cultivation facilities, based on the size of the facility or
19 the number of plants cultivated, and whether the cultivation
20 occurs outdoors, indoors, or in a greenhouse. Security
21 regulations and licensing fees must vary based on the size of
22 the cultivation facility.

23 *m.* Restrictions or prohibitions on additives in retail
24 marijuana and retail marijuana-infused products, including but
25 not limited to those that are toxic or designed to make the
26 product more addictive.

27 *n.* Prohibitions on products that are designed to make the
28 product more appealing to children, including prohibiting the
29 use of any images designed or likely to appeal to minors,
30 including cartoons, toys, animals, or children, and any other
31 images, characters, or phrases that are popularly used to
32 advertise to children.

33 *o.* Restrictions on the use of pesticides that are injurious
34 to human health.

35 *p.* Rules governing visits to retail marijuana cultivation

1 facilities and retail marijuana product manufacturing
2 facilities, including requiring the retail marijuana
3 establishment to log visitors.

4 *q.* A definition of the amount of delta-9
5 tetrahydrocannabinol that constitutes a single serving
6 in a retail marijuana product.

7 *r.* Standards for the safe manufacture of marijuana extracts
8 and concentrates.

9 *s.* Requirements that educational materials be disseminated
10 to consumers who purchase retail marijuana-infused products.

11 *t.* Requirements for random sample testing to ensure quality
12 control, including by ensuring that retail marijuana and
13 retail marijuana-infused products are accurately labeled for
14 potency. Unless the division determines that remediation or
15 treatment is sufficient to ensure product safety, the testing
16 analysis must include testing for residual solvents, poisons,
17 or toxins; harmful chemicals; dangerous molds or mildew; filth;
18 and harmful microbials such as *E. coli* or salmonella and
19 pesticides.

20 *u.* Standards for the operation of marijuana testing
21 facilities, including requirements for equipment and
22 qualifications for personnel.

23 *v.* Civil penalties for the failure to comply with rules
24 adopted pursuant to this subchapter. Civil penalties shall
25 be collected by the division and used to administer this
26 subchapter.

27 *w.* Procedures for collecting taxes levied on retail
28 marijuana establishments.

29 *x.* Requirements for on-site consumption establishments,
30 including for security, ventilation, odor control, and
31 consumption by patrons. These rules may include a prohibition
32 on smoking indoors.

33 2. After consultation with researchers knowledgeable
34 about the risks and benefits of marijuana and providing an
35 opportunity for public comment, the division shall develop a

1 scientifically accurate safety information label or handout
2 or both, which shall be available to each adult-use marijuana
3 consumer. The label or handout shall include all of the
4 following:

5 a. Advice about the potential risks of marijuana, including
6 all of the following:

7 (1) The risks of driving under the influence of marijuana,
8 and the fact that doing so is illegal.

9 (2) Any adverse effects unique to younger adults, including
10 related to the developing mind.

11 (3) Potential adverse events and other risks.

12 (4) The risks of using marijuana during pregnancy and
13 breastfeeding.

14 b. The need to safeguard all retail marijuana and retail
15 marijuana products from children and pets.

16 3. The division shall review and update the safety
17 information materials at least once every two years to
18 ensure they remain accurate. The review period shall include
19 soliciting input from researchers knowledgeable about the
20 risks and benefits of marijuana and an opportunity for public
21 comment.

22 4. In order to ensure that individual privacy is protected,
23 the division shall not require a consumer to provide a
24 retail marijuana store with personal information other than
25 government-issued identification to determine the consumer's
26 age, and a retail marijuana store shall not be required to
27 acquire and record personal information about consumers.

28 Sec. 42. NEW SECTION. 124F.26 Driving under the influence
29 of marijuana — prohibited.

30 Nothing in this subchapter allows driving under the
31 influence of marijuana or while impaired by marijuana.

32 Sec. 43. NEW SECTION. 124F.27 Marijuana use by minors —
33 prohibited.

34 Nothing in this subchapter allows the transfer of marijuana,
35 with or without remuneration, to a person under the age of

1 twenty-one years, or the use of marijuana by a person under the
2 age of twenty-one years.

3 Sec. 44. NEW SECTION. 124F.28 Private property and tenant
4 rights.

5 1. Except as provided in this section, the provisions of
6 this subchapter do not require any person, corporation, or any
7 other entity that occupies, owns, or controls a property to
8 allow the consumption, cultivation, display, sale, or transfer
9 of marijuana on or in that property.

10 2. a. Except as provided in this section, a landlord
11 or property manager shall not refuse to rent to a tenant
12 or otherwise discriminate against a tenant based on a past
13 conviction for a marijuana offense that would have been legal
14 under this chapter.

15 b. Except as provided in this section, in the case of
16 the rental of a residential dwelling, a landlord or property
17 manager shall not prohibit the possession of retail marijuana
18 or the consumption of retail marijuana by nonsmoking means.

19 c. The limitations in this subsection do not apply in any
20 of the following circumstances:

21 (1) The tenant is a roomer who is not leasing the entire
22 residential dwelling.

23 (2) The residence is incidental to detention or the
24 provision of medical, geriatric, educational, counseling,
25 religious, or similar services.

26 (3) The residence is a transitional housing or sober living
27 facility.

28 (4) Failing to prohibit marijuana possession or consumption
29 would violate federal law or regulations or cause a landlord
30 or property manager to lose a monetary or licensing-related
31 benefit under federal law or regulations.

32 d. After a warning, a landlord or property manager may
33 take action against a tenant if the tenant's use of marijuana
34 creates an odor that interferes with a person's peaceful
35 enjoyment of the person's home or property.

1 Sec. 45. NEW SECTION. **124F.29 Contracts enforceable.**

2 It is the public policy of this state that contracts related
 3 to the operation of a retail marijuana establishment registered
 4 pursuant to this subchapter should be enforceable. It is
 5 the public policy of this state that no contract entered
 6 into by a retail marijuana establishment or its employees
 7 or agents as permitted pursuant to a valid registration, or
 8 by those who allow property to be used by an establishment,
 9 its employees, or its agents as permitted pursuant to a
 10 valid registration, shall be unenforceable on the basis
 11 that cultivating, obtaining, manufacturing, distributing,
 12 dispensing, transporting, selling, possessing, or using
 13 marijuana or hemp is prohibited by federal law.

14 Sec. 46. NEW SECTION. **124F.30 Law enforcement —**
 15 **limitations.**

16 1. No law enforcement officer employed by an agency that
 17 receives state or local government funds shall expend any state
 18 or local resources, including the officer's time, to effect any
 19 arrest or seizure of marijuana, or conduct any investigation,
 20 on the sole basis of activity the officer believes to
 21 constitute a violation of federal law, if the officer has
 22 reason to believe that such activity is in compliance with
 23 this chapter, nor shall any such officer expend any state or
 24 local resources, including the officer's time, to provide any
 25 information or logistical support related to such activity to
 26 any federal law enforcement authority or prosecuting entity.

27 2. No agency or political subdivision of this state shall
 28 rely on a violation of federal law related to marijuana as the
 29 sole basis for taking an adverse action against a person.

30 Sec. 47. NEW SECTION. **124F.31 Apportionment of revenue.**

31 Revenues generated in excess of the amount needed to
 32 implement and enforce this subchapter by the marijuana excise
 33 tax shall be deposited in the marijuana tax cash fund created
 34 pursuant to section 124F.32.

35 Sec. 48. NEW SECTION. **124F.32 Marijuana tax cash fund.**

1 1. A marijuana tax cash fund is created under the control
2 of the division. Moneys in the fund may be appropriated by the
3 general assembly as provided in subsection 2.

4 2. Moneys in the marijuana tax cash fund shall be
5 appropriated exclusively for the following purposes:

6 a. Training, funding, and oversight of law enforcement
7 officers.

8 b. Substance use disorder services.

9 c. Programs for the benefit of Iowa youth, including grants
10 to public schools.

11 d. Emergency prevention, public education, and public health
12 services.

13 3. Notwithstanding section 12C.7, subsection 2, interest
14 or earnings on moneys deposited in the marijuana tax cash
15 fund shall be credited to the marijuana tax cash fund.

16 Notwithstanding section 8.33, moneys credited to the marijuana
17 tax cash fund shall not revert at the close of a fiscal year.

18 Sec. 49. NEW SECTION. 423H.1 Definitions.

19 For the purposes of this chapter, unless the context
20 otherwise requires, "*retail marijuana*", "*retail marijuana*
21 *establishment*", and "*retail marijuana product*" mean the same as
22 defined in section 124F.7.

23 Sec. 50. NEW SECTION. 423H.2 Local marijuana excise tax.

24 1. A municipality may by ordinance adopt an excise tax at a
25 rate of no more than three percent of the sales price of each
26 sale of retail marijuana and retail marijuana products to a
27 consumer under the jurisdiction of the municipality pursuant
28 to chapter 124F, subchapter II.

29 2. A municipality shall provide notice of the imposition
30 of an excise tax under this section and the amount of the tax
31 to the department of revenue at least ninety days prior to
32 the first day of the tax quarter when the excise tax will be
33 collected.

34 3. A local marijuana excise tax imposed pursuant to this
35 section shall be paid by the consumer to the retail marijuana

1 establishment. Each retail marijuana establishment shall
2 collect from the consumer the full amount of the tax payable on
3 each taxable sale.

4 4. On the fifteenth day of each month, each retail marijuana
5 establishment that sells retail marijuana to a consumer
6 shall pay the local marijuana excise taxes due on the retail
7 marijuana that the retail marijuana establishment sold in the
8 previous calendar month to the municipality.

9 5. The local marijuana excise tax imposed by this section
10 is separate from and in addition to the marijuana excise tax
11 imposed pursuant to section 124F.23. The local marijuana
12 excise tax imposed pursuant to this section shall not be part
13 of the sales price to which the marijuana excise tax applies.

14 6. The local marijuana excise tax shall be separately
15 itemized from the marijuana excise tax imposed pursuant to
16 section 124F.23 on the receipt provided to the purchaser.

17 Sec. 51. NEW SECTION. 453B.17 Retail marijuana.

18 This chapter shall not apply to retail marijuana or retail
19 marijuana products produced or sold pursuant to chapter 124F.

20 Sec. 52. SUBCHAPTER DESIGNATIONS.

21 1. The Code editor is directed to create two new subchapters
22 in chapter 124F as follows:

23 a. Subchapter I shall be entitled "criminal penalties" and
24 include sections 124F.1 through 124F.5.

25 b. Subchapter II shall be entitled "retail marijuana" and
26 include sections 124F.6 through 124F.32.

27 2. The Code editor may modify subchapter titles if necessary
28 and is directed to correct internal references in the Code as
29 necessary due to enactment of this section.

30 Sec. 53. EFFECTIVE DATE. This Act takes effect January
31 1, 2022, except that the alcoholic beverages division of the
32 department of commerce may adopt rules for the implementation
33 of this Act prior to that date.

34 EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 DIVISION I — CRIMINAL PENALTIES. This bill modifies
3 criminal penalties relating to marijuana by eliminating and
4 modifying certain criminal provisions in Code chapter 124
5 (uniform controlled substances Act), and transferring certain
6 criminal provisions from Code chapter 124 to new Code chapter
7 124F.

8 MANUFACTURE, DELIVERY, OR POSSESSION WITH INTENT TO DELIVER
9 MARIJUANA. The bill provides that an unauthorized person
10 commits a class "C" felony punishable by confinement for
11 no more than 10 years and a fine of at least \$1,370 but not
12 more than \$13,660 if the person violates new Code section
13 124F.2(1)(a) and the controlled substance involves more than
14 22 kilograms of marijuana. Currently, such a person commits
15 a class "B" felony punishable by confinement of no more than
16 50 years if the controlled substance involves more than 1,000
17 kilograms of a mixture or substance containing a detectable
18 amount of marijuana, or a class "B" felony punishable by
19 confinement of no more than 25 years if the controlled
20 substance involves more than 100 kilograms of marijuana but not
21 more than 1,000 kilograms.

22 The bill provides that an unauthorized person commits a
23 class "D" felony if the person violates new Code section
24 124F.2(1)(b) and the controlled substance involves more than
25 2 kilograms of marijuana but not more than 22 kilograms. A
26 class "D" felony is punishable by confinement for no more than
27 five years and a fine of at least \$1,025 but not more than
28 \$10,245. Currently, such a person commits a class "C" felony
29 if the controlled substance involves more than 50 kilograms of
30 marijuana but not more than 100 kilograms.

31 The bill provides that an unauthorized person commits an
32 aggravated misdemeanor if the person violates new Code section
33 124F.2(1)(c) and the controlled substance involves more than
34 12 ounces of marijuana but not more than 2 kilograms. An
35 aggravated misdemeanor is punishable by confinement for no more

1 than two years and a fine of at least \$855 but not more than
2 \$8,540. Currently, such a person commits a class "D" felony
3 if the controlled substance involves 50 kilograms or less of
4 marijuana.

5 The bill provides that an unauthorized person commits a
6 serious misdemeanor if the person violates new Code section
7 124F.2(1)(d) and the controlled substance involves more than
8 4 ounces of marijuana but not more than 12 ounces. A serious
9 misdemeanor is punishable by confinement for no more than one
10 year and a fine of at least \$430 but not more than \$2,560.
11 Currently, such a person commits a class "D" felony.

12 The bill provides that an unauthorized person commits a
13 simple misdemeanor if the person violates new Code section
14 124F.2(1)(e) and the controlled substance involves 4 ounces or
15 less of marijuana except as otherwise provided in the bill. A
16 simple misdemeanor is punishable by confinement for no more
17 than 30 days and a fine of at least \$105 but not more than \$855.
18 Currently, such a person commits a class "D" felony.

19 POSSESSION OF MARIJUANA. The bill provides that if a person
20 unlawfully possesses more than 6 ounces of marijuana but not
21 more than 12 ounces, the person commits a serious misdemeanor.

22 The bill provides that if a person unlawfully possesses more
23 than one-half ounce of marijuana but not more than 6 ounces,
24 the person commits a simple misdemeanor.

25 The bill provides that if a person 21 years of age or older
26 possesses one-half ounce or less of marijuana, the person
27 does not commit a criminal offense but shall be assessed a
28 civil penalty in the amount of \$100. If the person is under
29 21 years of age, the offense shall be punishable as a serious
30 misdemeanor, which may be expunged after two years if the
31 person does not commit additional criminal violations other
32 than traffic offenses. The bill provides that any records
33 relating to the civil penalty shall not be displayed for public
34 viewing on the Iowa court information system and such records
35 shall not be kept in the criminal history files maintained by

1 the department of public safety.

2 The bill allows a municipality to adopt an ordinance to allow
3 for the legal possession of marijuana.

4 RETAIL MARIJUANA — POSSESSION LIMITS. The bill establishes
5 possession limits for retail marijuana, defined in the
6 bill. The bill prohibits a resident of Iowa 21 years of
7 age or older from possessing more than 30 grams of marijuana
8 flower, 5 grams of marijuana concentrate, or 500 milligrams
9 of tetrahydrocannabinol contained in a product infused with
10 marijuana. Persons 21 years of age or older who are not
11 residents of Iowa may possess retail marijuana of no more
12 than 15 grams of marijuana flower, 2.5 grams of marijuana
13 concentrate, or 250 milligrams of tetrahydrocannabinol
14 contained in a product infused with marijuana. A person in
15 possession of retail marijuana in excess of amounts equivalent
16 to the amounts specified in the bill for the possession of
17 marijuana is subject to prosecution for a simple or serious
18 misdemeanor or a civil penalty. A retail marijuana store that
19 sells retail marijuana in excess of such amounts is subject to
20 a fine or other discipline imposed by the division.

21 Currently, if a person unlawfully possesses marijuana, the
22 person shall be punished by imprisonment in the county jail for
23 not more than six months or by a fine of not more than \$1,000,
24 or by both for a first offense. If the person has previously
25 been convicted of marijuana possession, the person commits a
26 serious misdemeanor under current law, and if the person has
27 been convicted of marijuana possession two or more times, the
28 person commits an aggravated misdemeanor.

29 DELIVERY OR POSSESSION OF MARIJUANA — SMALL AMOUNTS. If
30 the amount of marijuana delivered or possessed with intent to
31 deliver is one ounce or less and no remuneration was provided,
32 the defendant shall not be prosecuted for a violation of the
33 bill.

34 MARIJUANA USE IN PUBLIC. The bill prohibits the consumption
35 of marijuana in areas open and accessible to the public,

1 including but not limited to public transportation facilities,
 2 sporting or music venues, parks, playgrounds, sidewalks and
 3 roads, outdoor cafes, or indoor but public locations. A person
 4 who violates this provision commits a simple misdemeanor
 5 punishable as a scheduled violation in the amount of \$50 for
 6 a first offense and \$100 for a second or subsequent offense.
 7 This violation may be expunged after two years if the person
 8 does not commit additional criminal violations other than
 9 traffic offenses.

10 JUVENILE MARIJUANA OFFENSES. The bill specifies that the
 11 juvenile court shall have exclusive original jurisdiction in a
 12 proceeding concerning a minor who is alleged to have committed
 13 a violation of the bill.

14 GATHERINGS WHERE CONTROLLED SUBSTANCES UNLAWFULLY USED.
 15 The bill strikes a provision making it a serious misdemeanor
 16 for a person to sponsor, promote, or aid in the sponsoring
 17 or promoting of a meeting or gathering with the knowledge or
 18 intent that marijuana be distributed, used, or possessed at the
 19 meeting or gathering in violation of Code chapter 124.

20 ACCOMMODATION OFFENSE. The bill strikes a provision
 21 allowing a prosecution for unlawful delivery or possession with
 22 intent to deliver marijuana, if the prosecution proves that
 23 the defendant delivered or possessed with intent to deliver
 24 one-half ounce or less of marijuana which was not offered for
 25 sale, the defendant is guilty of an accommodation offense
 26 and rather than being sentenced for a class "D" felony under
 27 Code section 124.401(1)(d), the person is sentenced for a
 28 misdemeanor in violation of Code section 124.401(5). The bill
 29 makes conforming changes to Code sections 124.401G (Iowa hemp
 30 Act) and 124.413 (mandatory minimum sentences — controlled
 31 substances).

32 SECOND OR SUBSEQUENT OFFENSES. Currently, a person
 33 convicted of a second or subsequent offense under Code chapter
 34 124 may be punished by imprisonment for a period not to exceed
 35 three times the term otherwise authorized, or fined not more

1 than three times the amount otherwise authorized. The bill
2 strikes the provision that allows for the use of a previous
3 marijuana conviction in determining if a person has been
4 convicted of a second or subsequent offense under Code chapter
5 124.

6 MARIJUANA IN MOTOR VEHICLES. The bill prohibits a driver
7 of a motor vehicle upon a public street or highway from using
8 marijuana in the passenger area of the motor vehicle. The bill
9 also prohibits a driver or passenger of or in a motor vehicle
10 upon a public street or highway from possessing marijuana in
11 the passenger area of a motor vehicle except in a sealed, odor
12 proof, child resistant container. The bill defines "passenger
13 area" as the area designed to seat the driver and passengers
14 while the motor vehicle is in operation and any area that is
15 readily accessible to the driver or a passenger while in their
16 seating positions, including the glove compartment. A person
17 who knowingly violates this provision of the bill is guilty of
18 a simple misdemeanor. A simple misdemeanor is punishable by
19 confinement for no more than 30 days and a fine of at least \$105
20 but not more than \$855.

21 EXPUNGEMENT. The bill provides that upon application by a
22 defendant convicted of a felony offense under Code chapter 124
23 (controlled substances) related to the possession or transfer
24 of marijuana prior to January 1, 2022, the court shall enter an
25 order expunging the record of such a criminal case. A person
26 may only seek an expungement once, but an application may
27 request the expungement of multiple offenses if the offenses
28 arose from the same transaction or occurrence. Under current
29 law, misdemeanor marijuana offenses may be expunged pursuant to
30 Code section 901C.3 (misdemeanor expungement).

31 DIVISION II — RETAIL MARIJUANA. Division II of the
32 bill relates to the regulation of retail marijuana in Iowa.
33 The bill grants the alcoholic beverages division of the
34 department of commerce (division) the authority to regulate the
35 cultivation, production, transportation, testing, and sale of

1 retail marijuana and retail marijuana products, including by
2 issuing appropriate licenses and promulgating rules.

3 The bill requires the division to transfer half of any
4 application fee collected to the local jurisdiction in which
5 the retail marijuana establishment will be located. The
6 bill allows local jurisdictions to impose limitations on the
7 operation of retail marijuana establishments, including by
8 prohibiting their operation.

9 The bill directs the division to develop and maintain a
10 seed-to-sale tracking system to track retail marijuana from the
11 seed or immature plant stage until it is sold to a consumer at a
12 retail marijuana establishment.

13 LOCAL LICENSES. The bill requires the division to transmit
14 any application for a retail marijuana establishment it
15 receives to the local jurisdiction where the establishment
16 will be located within seven days of receipt unless the
17 local jurisdiction has prohibited the operation of retail
18 marijuana establishments. The local jurisdiction must then
19 inform the division whether the application complies with
20 any local restrictions on the operation of retail marijuana
21 establishments it may have imposed. The bill requires a person
22 to receive approval from both the division and the local
23 jurisdiction before operating a retail marijuana establishment.
24 A person whose application for a license is denied is entitled
25 to a hearing and judicial review pursuant to Code chapter 17A.

26 LICENSES. Ninety days prior to the expiration date of an
27 existing license, the division shall notify the licensee of the
28 expiration date by first class mail at the licensee's address
29 of record with the division. A licensee may apply for the
30 renewal of an existing license to the division not less than 30
31 days prior to the date of expiration.

32 RETAIL MARIJUANA STORES. The bill allows a retail marijuana
33 store to purchase retail marijuana from a retail marijuana
34 cultivation facility. A retail marijuana store may also
35 sell prepackaged and labeled retail marijuana products. A

1 retail marijuana store must track all of its retail marijuana
2 and retail marijuana products from the point that they are
3 transferred to the retail marijuana store to the point of
4 sale. The bill prohibits a retail marijuana store from selling
5 more than one ounce of retail marijuana or its equivalent
6 in a single transaction to a person, excluding nonedible,
7 nonpsychoactive retail marijuana products.

8 Prior to initiating a sale, the bill requires a retail
9 marijuana store employee to verify that that purchaser has a
10 valid identification card showing that the person is 21 years
11 of age or older. If a purchaser presents a retail marijuana
12 store employee with fraudulent proof of age, any action taken
13 in reliance on that proof of age shall not be grounds for the
14 revocation or suspension of a license.

15 The bill allows a retail marijuana store to provide to the
16 state hygienic laboratory a sample of its products for testing
17 and research purposes. The retail marijuana store shall
18 maintain a record of what was provided to the laboratory and
19 the results of the testing.

20 The bill prohibits a retail marijuana store from selling
21 any products other than retail marijuana, retail marijuana
22 products, marijuana accessories, nonconsumable products such as
23 apparel, and marijuana products such as childproof packaging
24 containers.

25 RETAIL MARIJUANA CULTIVATION. The bill allows the division
26 to issue up to 20 retail marijuana cultivation facility
27 licenses to persons who cultivate retail marijuana for sale
28 and distribution to retail marijuana stores, manufacturers,
29 or other cultivation facilities. The bill requires a retail
30 marijuana cultivation facility to remit any applicable tax due.
31 The bill also requires a retail marijuana cultivation facility
32 to track the marijuana it cultivates from seed or immature
33 plant to wholesale purchase.

34 RETAIL MARIJUANA PRODUCTS MANUFACTURING LICENSES. The bill
35 allows the division to issue up to 20 retail marijuana products

1 manufacturing licenses to persons who manufacture retail
2 marijuana products. The bill requires a retail marijuana
3 products manufacturer to track all of its retail marijuana from
4 the point it is either transferred from its retail marijuana
5 cultivation facility or the point when it is delivered to the
6 retail marijuana products manufacturer from a retail marijuana
7 cultivation facility to the point of transfer to a retail
8 marijuana store.

9 The bill requires retail marijuana products to be
10 manufactured and prepared in a facility that only manufactures
11 retail marijuana products, except that premises may be shared
12 with a medical cannabidiol-infused products manufacturer so
13 long as a virtual or physical separation of inventory is
14 maintained.

15 RETAIL MARIJUANA TRANSPORTATION. The bill allows the
16 division to issue a retail marijuana transporter license to
17 a person to provide logistics, distribution, and storage of
18 retail marijuana and retail marijuana products. The bill
19 requires a retail marijuana transporter to use the seed-to-sale
20 tracking system to create shipping manifests documenting the
21 transport of retail marijuana and retail marijuana products.

22 RETAIL MARIJUANA USE — PROTECTIONS. The bill prohibits
23 the state and its political subdivisions from taking certain
24 actions against a person on the basis that the person has
25 engaged in conduct allowed by the bill. The state and its
26 political subdivisions shall not prosecute a person, deny a
27 person a professional license, deny a person a benefit or
28 entitlement, deny a person custody or visitation of a child,
29 deny a person employment or a contract, or deny a person
30 medical care on the basis that the person has engaged in
31 conduct allowed by the bill. The bill also prohibits the
32 state or a political subdivision from denying employment
33 or a contract to a person on the basis of a person's prior
34 conviction of a nonviolent marijuana offense that does not
35 involve distribution to a minor. The bill excludes engaging

1 in conduct allowed by the bill from being classified as a
2 violation of a condition of parole, probation, or pretrial
3 release unless there is a specific finding that the conduct
4 could create a danger to the individual or another person.
5 The bill does not prohibit a governmental employer from
6 disciplining an employee or contractor for ingesting marijuana
7 at work or working while impaired by marijuana, nor does it
8 prohibit a licensing board from imposing a penalty on a person
9 for engaging in conduct that would constitute negligence or
10 professional malpractice. The protections of the bill do not
11 apply to the extent that they conflict with a governmental
12 employer's obligations under federal law or would disqualify
13 a governmental employer from a monetary or licensing-related
14 benefit under federal law.

15 FEES. The bill allows the division to collect and charge
16 fees. The bill sets the application fee for a person applying
17 for a new retail marijuana establishment license at \$5,000,
18 which shall be divided evenly between the division and the
19 local jurisdiction where the license is proposed to be issued.
20 The bill permits a local jurisdiction to impose operating fees
21 on retail marijuana establishments to which it has granted a
22 license.

23 LICENSE DISCIPLINE. The bill permits the division, on its
24 own motion or complaint, and after investigation, notice,
25 a public hearing, and opportunity to be heard, to suspend
26 or revoke a license if the licensee or any of its agents or
27 employees violate a provision of the bill or a rule promulgated
28 by the division. The division may administer oaths and issue
29 subpoenas to require the presence of persons and the production
30 of documents. The division may impose discipline pursuant to
31 rules and Code chapter 17A.

32 INSPECTION. The bill requires a licensee to keep a complete
33 set of all records necessary to show fully the business
34 transactions of the licensee, all of which shall be open at all
35 times during business hours for the inspection and examination

1 by the division or its duly authorized representatives.

2 The bill requires the licensed premises of a retail
3 marijuana establishment, including any places of storage
4 where retail marijuana or retail marijuana products are
5 stored, cultivated, sold, dispensed, or tested to be subject
6 to inspection by the state or local jurisdictions and their
7 investigators, during all business hours and other times
8 of apparent activity, for the purpose of inspection or
9 investigation.

10 STATE EXCISE TAX. The bill imposes an excise tax on
11 consumers at the rate of 20 percent of the sale price on
12 each sale of retail marijuana. The tax shall be paid by the
13 consumer to the retail marijuana establishment at the time
14 of sale, and each retail marijuana establishment shall remit
15 the tax collected to the division on the 15th day of each
16 month. Revenues generated by the excise tax shall be used to
17 administer the retail marijuana program. Excess funds shall be
18 deposited in the marijuana tax cash fund, created in the bill.
19 Moneys in the marijuana tax cash fund may be appropriated by
20 the general assembly for purposes enumerated in the bill.

21 OCCUPATIONAL LICENSING PROTECTIONS. The bill prohibits a
22 professional or occupational licensing board from imposing
23 discipline on a licensee for providing services related to
24 retail marijuana establishments. The bill also prohibits a
25 professional or occupational licensing board from denying a
26 license to a person based on a person's past employment with a
27 retail marijuana establishment.

28 RULEMAKING. The bill requires the alcoholic beverages
29 division to adopt rules within 180 days of the effective date
30 of the bill to adopt rules for the implementation of the bill.
31 The rules shall not prohibit the operation of retail marijuana
32 establishments or make the operation of retail marijuana
33 establishments so costly as to be impractical. Required rules
34 include but are not limited to rules relating to applications,
35 fees, licensure, security requirements, labeling requirements,

1 health and safety requirements, restrictions on advertising,
2 cultivation, testing, and penalties. The division shall also
3 develop and regularly update safety materials to be distributed
4 upon the sale of retail marijuana.

5 ACTS PROHIBITED. The bill does not allow driving while under
6 the influence of or impaired by marijuana and does not allow
7 the transfer of marijuana to a person under 21 years of age or
8 the possession of marijuana by a person under 21 years of age.

9 PROPERTY RIGHTS. The bill does not require the owner of
10 a property to allow the consumption, cultivation, display,
11 sale, or transfer of marijuana at that property. However, in
12 the case of a residential dwelling, a landlord or property
13 manager shall not prohibit the possession of retail marijuana
14 or the consumption of retail marijuana by means other than
15 smoking except under certain circumstances. The bill allows
16 a landlord to take action against a tenant after a warning if
17 the tenant's use of marijuana creates an odor that interferes
18 with the peaceful enjoyment of property by other tenants. The
19 bill prohibits a landlord from discriminating against a tenant
20 or applicant on the basis of a past conviction of a marijuana
21 offense that would have been legal under the bill.

22 CONTRACTS. The bill states that it is the public policy
23 of the state that contracts relating to retail marijuana
24 shall not be unenforceable on the basis that the production,
25 distribution, and possession of marijuana is prohibited by
26 federal law.

27 LAW ENFORCEMENT. The bill prohibits law enforcement
28 agencies from expending resources on the investigation of or
29 arrest for activity related to marijuana that is in violation
30 of federal law if the officer performing the investigation
31 or arrest has reason to believe that the activity complies
32 with the requirements of the bill. The bill also prohibits
33 an agency or political subdivision of the state from taking
34 an adverse action against a person on the sole basis that the
35 person has violated a federal law related to marijuana.

1 LOCAL EXCISE TAX. The bill allows a municipality to adopt
2 by ordinance an excise tax of no more than 3 percent on retail
3 marijuana sold in the municipality. The bill requires a
4 municipality to inform the department of revenue at least 90
5 days prior to the first day of the tax quarter when the excise
6 tax will be collected. The tax shall be paid by the consumer
7 to the retail marijuana establishment at the time of sale,
8 and each retail marijuana establishment shall remit the tax
9 collected to the municipality on the 15th day of each month.
10 The bill takes effect January 1, 2022, except that the
11 alcoholic beverages division may adopt rules prior to that date
12 for the implementation of the bill.